

Understanding South African Financial Markets

Chapter 5: Regulation of the financial markets



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Study outcomes

The objective of this chapter is to familiarise you with the general principles of regulation, and the role and functions of the Financial Services Board, which is responsible for non-banking financial regulation in South Africa. Other financial regulators will be referred to briefly.

When you have studied this chapter, you should be able to

- understand the philosophy underlying regulation and the rationale for imposing regulatory measures on industries in general and the financial markets in particular
- understand the elements and objectives of regulation and how they are influenced by rules of ethical behaviour
- understand the financial regulatory regime in South Africa with reference to the general principles of regulation



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Introduction

Overview

- Regulation in general
- Regulation in South Africa
- The Financial Services Board
- Financial Intelligence Centre
- Council for Overseeing Recognised and Statutory Ombudsman Schemes



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Regulation in general

The elements of regulation



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The objectives of financial regulation

- Consumer or investor protection
- Ensuring that securities markets are fair, efficient and transparent
- Ensuring safety and soundness of financial institutions
- Ensuring systemic stability
- Regulatory developments following the world economic and financial crisis
- Building the resilience of banks
- Ending too-big-to-fail
- Transforming shadow banking
- Improving the safety of OTC derivatives markets

Ethics in the financial markets

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Regulation in South Africa

Brief overview of the financial regulatory landscape in South Africa

The impact of the world economic and financial crisis on South Africa

- Regulatory developments in South Africa after the world economic and financial crisis

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The Financial Services Board

Divisions of the FSB

- Financial Advisory and Intermediary Services Division
- Investment Institutions Division
 - Capital Markets Department
 - Directorate of Market Abuse
 - Collective Investment Schemes Department
 - The Credit Rating Services Department
- The Insurance Division
- Retirement Funds and Friendly Societies Department
- Inspectorate Department



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Financial Intelligence Centre



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Council for Overseeing Recognised and Statutory Ombudsman Schemes



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